

## APPENDIX D-1

### SUMMARY OF ACCOUNTING ENTRIES (000)

#### QWEST (SELLER'S BOOKS):

Debit Cash (Account 1120)	5,090
Debit Accumulated Depreciation (Account 3100)	2,605
Credit Plant in Service (Account 2001)	5,396
Credit Gain (Account 7350)	2,299

These amounts are based on a current estimate of the book value of the assets. The entries are the cost of assets being sold at a point in time prior to the sale closing. As such they do not include additional investments, retirements, depreciation or adjustments which will be made in the period interim to the sale closing. Cash entries are based on the Agreement For Purchase And Sale of the Mt. Pleasant Exchange dated October 25, 1999. These do not represent final cash or asset distributions within the buying group. Until final closing these entries are preliminary and based on Qwest estimates only.

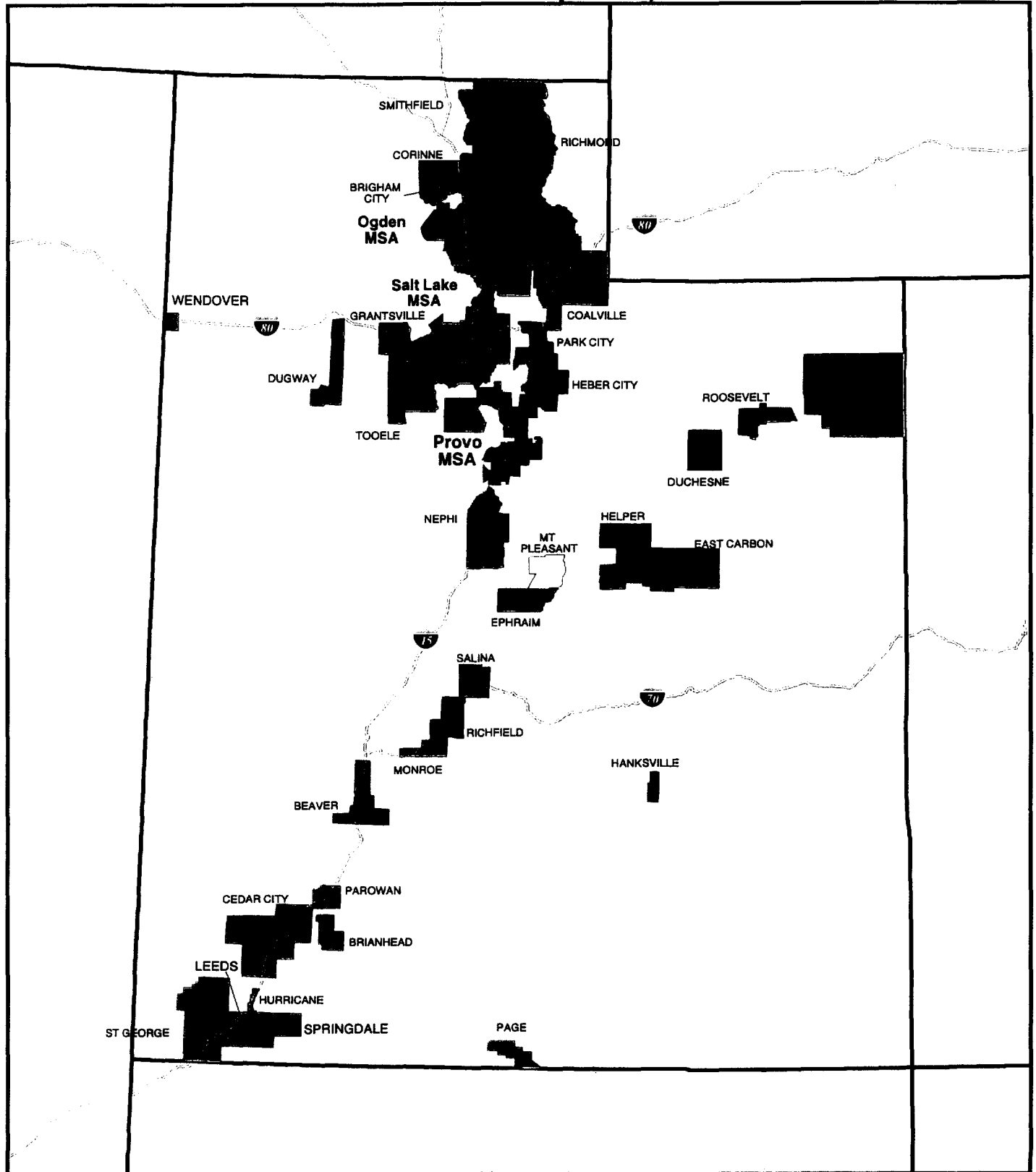
#### CENTRAL UTAH (BUYER'S BOOKS):

Debit Plant in Service (Account 2001)	5,396
Debit Telecommunications Plant Adjustment (Account 2005)	2,299
Credit Cash (Account 1120)	5,090
Credit Depreciation Reserve (Appropriate Plant Accounts)	2,605

The amounts above are based on the most current estimate of the sales price and net book value of the investment. The purchase agreement provides for numerous purchase price adjustments. The price at closing, therefore, may be higher or lower than our estimates listed above. The above entries deal only with the current cost of assets being sold and do not include additional investments which will be made by Central Utah or Qwest prior to the sale.

**APPENDIX D-2**  
**MAP (CENTRAL UTAH)**

# Central Utah Telephone, Inc.



**QWEST Wire Centers -  
Proposed Sale to  
Central Utah Telephone, Inc.**



20 0 20 40 Miles

## Legend

- QWEST Proposed Transaction
- QWEST
- Highway

**Qwest** ride the light

*Qwest Geographic Intelligence*

C. Bryan Eberle  
303.698.6331  
eberle@qwest.com

## ATTACHMENT E

### **RESPONSE OF QWEST CORPORATION ("QWEST") AND HANKSVILLE TELCOM, INC. ("HANKSVILLE") TO THE COMMON CARRIER BUREAU'S LIST OF INFORMATION TO ACCOMPANY STUDY AREA WAIVER REQUESTS**

1. A copy of the order, or other certified document, that states that the state telecommunications regulatory authority does not object to the requested study area waiver.

Response:

See Attachment I.

2. A copy of any order adopted by, or plan imposed by a state commission that obligates the selling and/or purchasing local exchange carrier ("LEC") to upgrade or extend existing service.

Response:

There is no applicable state commission order or plan that creates an obligation on Qwest to upgrade or extend existing service. Hanksville has expressed an intent to upgrade service in the Utah exchange it is purchasing from Qwest. See Attachment I.

3. A statement by the purchaser of all planned upgrades to the facilities being acquired with estimates of the costs of those upgrades. That statement should include detailed descriptions of all planned upgrades and extensions of service, the costs of the planned upgrades and extensions of service, proposed timetables for any upgrades, proposed timetables for extension of service, and construction and investment plans.

Response:

Hanksville plans upgrades at the cost of \$1,900,000 in year one and \$250,000 in year two to provide for a fiber connection from the exchange to the point of connection with the tandem and to enhance the exchange facilities to provision for DSL.

4. The numerical effects of the proposed transaction on the Universal Service Fund ("USF"). To isolate those effects, estimates should be provided of the seller's

and purchaser's USF draw (i.e., receipts from the USF administrator) as if the transferred exchanges (and, in the case of the seller, the remaining exchanges) were set up as a separate study area before and after the planned upgrades. Complete copies of all studies performed in estimating these effects should be included. The studies should be accompanied by an explanation of the extent to which the studies include, and exclude, the effects of any state-orders, or buyer-planned upgrades and/or extensions of service.

Response:

Qwest currently receives no USF in the Utah study area and after the sale of the proposed exchange will receive no USF.

Under current FCC rules, Hanksville will not receive any additional USF support for the exchange it's acquiring from Qwest.

5. If the proposed transaction will increase USF draw of either the seller or the purchaser, the extent to which local ratepayers will assume the costs of planned upgrades and the extent to which local ratepayers will assume the costs of planned extensions of service.

Response:

The proposed transaction will not increase the USF draw under current rules.

6. All accounting entries, using actual dollar amounts, if known, and estimated dollar amounts if not known, that the seller and purchaser intend to use to record the transaction for accounting purposes.

Response:

Please refer to Appendix E-1 for an illustration of the accounting entries both Qwest and Hanksville plan to use for the contemplated transaction.

7. The buyer's plan for disposition of amounts recorded in Account 32.2005, Telecommunications Plant Adjustment, related to the purchase.

Response:

Hanksville does not intend to request permission to record amortization of amounts in Account 32.2005, Telecommunications Plant Adjustment to Account 6565, Amortization Expense - Other.

8. A schedule, prepared by the seller, of the plant being sold that includes: the gross book value, accumulated depreciation, and dates of installation of the plant that is subject to the transaction.

Response:

No longer required.

9. The interstate separations factors applicable to the seller's remaining plant, and the interstate separation factors that will be applicable to the transferred plant when acquired by the purchaser.

Response:

For Qwest, the 1999 interstate ratio of Dial Equipment Minutes for Utah prior to the sale is 15.38%; for the exchange being sold to Hanksville is 18.37%, and for the remaining Utah exchanges is 15.38%. The 1999 Subscriber Plant Factor is 0.25.

For Hanksville, the 1999 interstate ratio of Unweighted Dial Equipment Minutes prior to the sale is 17.51% and after the acquisition is projected to be 15.36%. The 1999 Subscriber Plant Factor is 0.25.

10. Pro-forma revenue requirement calculations (interstate, intrastate and total), pre-sale and post-sale, for both the buying and selling LECs.

Response:

Qwest's accounting system does not track financial results on an exchange basis. These amounts are based on a current estimate of the book value of the assets and Qwest cost estimates. Certain cost estimates are the result of allocations among the exchanges. Assets do not include additional investments, retirements, depreciation or adjustments that will be made in the period interim to the sale closing. These estimates do not represent complete costs that will be appropriately determined by the buyer. Qwest's

estimated 1999 Interstate Revenue Requirement for the exchange being sold to Hanksville is calculated as follows:

<b>Total State Revenue Requirement Analysis is "pre-Sale"</b>	Intrastate	Interstate	Combined
*Estimates based on 1999 Results			
Average Net Investment (Rate Base)	728,241,000	309,006,000	1,037,247,000
Return on Investment	71,076,322	34,763,175	105,839,497
Operating Expense	348,511,000	129,290,000	477,801,000
Total Taxes	18,936,712	10,859,633	29,796,344
Total Revenue Requirement	438,524,033	174,912,808	613,436,841

**Revenue Requirement Analysis of Rural Exchanges to be Sold**

Based on 1999 Results

Average Net Investment (Rate Base)	336,788	119,303	456,091
Return on Investment	32,870	13,422	46,292
Operating Expense	114,688	39,102	153,790
Total Taxes	9,241	4,151	13,392
Total Revenue Requirement	156,800	56,674	213,474

**Total State Revenue Requirement Analysis "Post Sale"**

Estimated 1999 "Post Sale" Results

Average Net Investment (Rate Base)	727,904,212	308,886,697	1,036,790,909
Return on Investment	71,043,451	34,749,753	105,793,205
Operating Expense	348,396,312	129,250,898	477,647,210
Total Taxes	18,927,470	10,855,482	29,782,952
Total Revenue Requirements	438,367,233	174,856,134	613,223,367

\*Utah currently does not have rate of return regulation and the resulting revenue requirement calculation on Intrastate operations. Intrastate estimates provided are based on 1999 results and the last applicable Intrastate ROR of 9.76%.

**Hanksville – Utah**  
**FCC Filing**  
**Revenue Requirement Summary**

<u>Description</u>	<u>Intrastate</u>	<u>Interstate</u>	<u>Combined</u>
<b><u>2000 Pre-Sale:</u></b>			
Average Net Investment (Rate Base)	6,089,063	4,047,767	10,136,830
Return on Investment	608,907	455,374	1,064,281
Operating Expense	3,542,431	2,353,546	5,895,977
Total Taxes	75,080	48,426	123,506
Total Revenue Requirement	4,226,418	2,857,346	7,083,764

**Estimated Post Sale:**

Average Net Investment (Rate Base)	6,425,851	4,167,070	10,592,921
Return on Investment	641,777	468,796	1,110,573
Operating Expense	3,657,119	2,392,648	6,049,767
Total Taxes	84,321	52,577	136,898
Total Revenue Requirement	4,383,218	2,914,020	7,297,238

11. The number of access lines: (i) presently provided in the seller's study area; (ii) presently provided by the purchaser in each study area in that state; and (iii) that will be transferred.

**Response:**

Qwest has approximately 1,128,000 access lines in the state of Utah. The parent of Hanksville has approximately 5,256 access lines in the state of Utah. Approximately 170 access lines are being transferred to Hanksville as a result of the proposed transaction.

12. A map on which each of the following areas has been clearly outlined: (i) the service areas of the exchanges being transferred; (ii) the pre-transfer study area boundaries of the seller; and (iii) the study area boundaries of all study areas that the purchaser (and/or its affiliates) own in the state in which the exchanges are to be transferred are located.

**Response:**

See Appendix E-2.



## APPENDIX E-1

### SUMMARY OF ACCOUNTING ENTRIES

(000)

#### QWEST (SELLER'S BOOKS):

Debit Cash (Account 1120)	650
Debit Accumulated Depreciation (Account 3100)	455
Credit Plant in Service (Account 2001)	1,003
Credit Gain (Account 7350)	102

These amounts are based on a current estimate of the book value of the assets. The entries are the cost of assets being sold at a point in time prior to the sale closing. As such they do not include additional investments, retirements, depreciation or adjustments which will be made in the period interim to the sale closing. Cash entries are based on the Agreement For Purchase And Sale of the Hanksville Exchange dated October 25, 1999. These do not represent final cash or asset distributions within the buying group. Until final closing these entries are preliminary and based on Qwest estimates only.

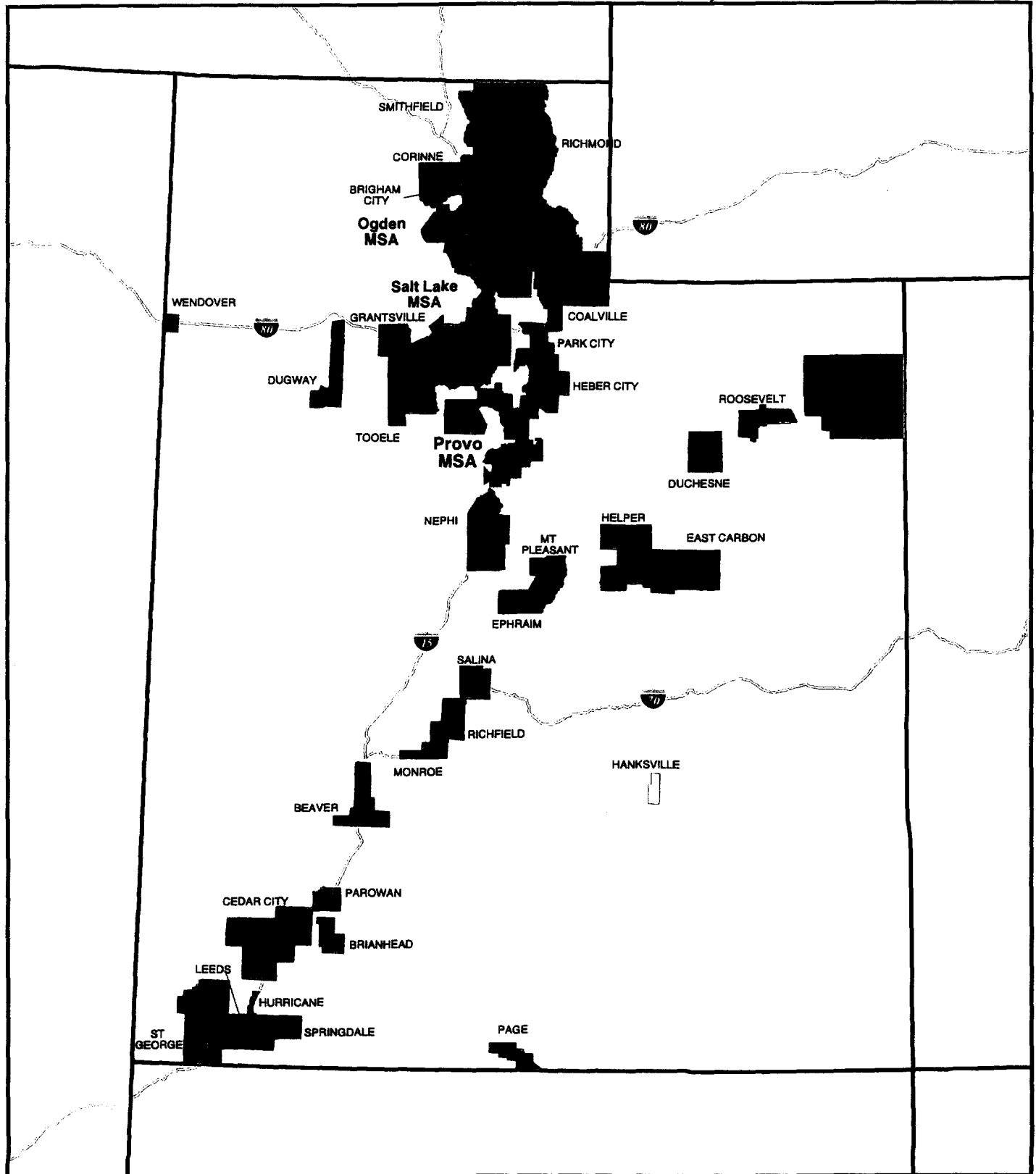
#### HANKSVILLE (BUYER'S BOOKS):

Debit Plant in Service (Account 2001)	1,003
Debit Telecommunications Plant Adjustment (Account 2005)	102
Credit Cash (Account 1120)	650
Credit Depreciation Reserve (Appropriate Plant Accounts)	455

The amounts above are based on the most current estimate of the sales price and net book value of the investment. The purchase agreement provides for numerous purchase price adjustments. The price at closing, therefore, may be higher or lower than our estimates listed above. The above entries deal only with the current cost of assets being sold and do not include additional investments which will be made by Hanksville or Qwest prior to the sale.

**APPENDIX E-2**  
**MAP (HANKSVILLE)**

# Hanksville Telecommunications, Inc.




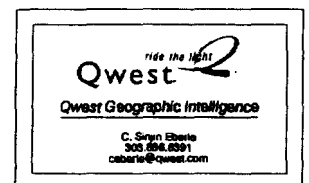
**QWEST Wire Centers -  
Proposed Sale to Hanksville  
Telecommunications, Inc.**



20 0 20 40 Miles

## Legend

-  QWEST Proposed Transaction
-  QWEST
-  Highway



## ATTACHMENT F

### **RESPONSE OF QWEST CORPORATION ("QWEST") AND MANTI TELEPHONE COMPANY ("MANTI") TO THE COMMON CARRIER BUREAU'S LIST OF INFORMATION TO ACCOMPANY STUDY AREA WAIVER REQUESTS**

1. A copy of the order, or other certified document, that states that the state telecommunications regulatory authority does not object to the requested study area waiver.

Response:

See Attachment I.

2. A copy of any order adopted by, or plan imposed by a state commission that obligates the selling and/or purchasing local exchange carrier ("LEC") to upgrade or extend existing service.

Response:

There is no applicable state commission order or plan that creates an obligation on Qwest to upgrade or extend existing service. Manti has expressed an intent to upgrade service in the Utah exchange it is purchasing from Qwest. See Attachment I.

3. A statement by the purchaser of all planned upgrades to the facilities being acquired with estimates of the costs of those upgrades. That statement should include detailed descriptions of all planned upgrades and extensions of service, the costs of the planned upgrades and extensions of service, proposed timetables for any upgrades, proposed timetables for extension of service, and construction and investment plans.

Response:

Manti plans upgrades at a cost of \$400,000 in year one and \$400,000 in year two to extend its fiber to Ephraim and have the Ephraim switch become a remote off of Manti Telephone Co.'s host switch, and provision DSL.

4. The numerical effects of the proposed transaction on the Universal Service Fund ("USF"). To isolate those effects, estimates should be provided of the seller's

and purchaser's USF draw (i.e., receipts from the USF administrator) as if the transferred exchanges (and, in the case of the seller, the remaining exchanges) were set up as a separate study area before and after the planned upgrades. Complete copies of all studies performed in estimating these effects should be included. The studies should be accompanied by an explanation of the extent to which the studies include, and exclude, the effects of any state-orders, or buyer-planned upgrades and/or extensions of service.

Response:

Qwest currently receives no USF in the Utah study area and after the sale of the proposed exchange will receive no USF.

Under current FCC rules, Manti will not receive any additional USF support for the exchange it's acquiring from Qwest.

5. If the proposed transaction will increase USF draw of either the seller or the purchaser, the extent to which local ratepayers will assume the costs of planned upgrades and the extent to which local ratepayers will assume the costs of planned extensions of service.

Response:

The proposed transaction will not increase the USF draw under current rules.

6. All accounting entries, using actual dollar amounts, if known, and estimated dollar amounts if not known, that the seller and purchaser intend to use to record the transaction for accounting purposes.

Response:

Please refer to Appendix F-1 for an illustration of the accounting entries both Qwest and Manti plan to use for the contemplated transaction.

7. The buyer's plan for disposition of amounts recorded in Account 32.2005, Telecommunications Plant Adjustment, related to the purchase.

Response:

Manti does not intend to request permission to record amortization of amounts in Account 32.2005, Telecommunications Plant Adjustment to Account 6565, Amortization Expense - Other.

8. A schedule, prepared by the seller, of the plant being sold that includes: the gross book value, accumulated depreciation, and dates of installation of the plant that is subject to the transaction.

Response:

No longer required.

9. The interstate separations factors applicable to the seller's remaining plant, and the interstate separation factors that will be applicable to the transferred plant when acquired by the purchaser.

Response:

For Qwest, the 1998 interstate ratio of Dial Equipment Minutes for Utah prior to the sale is 15.38%; for the exchange being sold to Manti is 17.29%, and for the remaining Utah exchanges is 15.38%. The 1999 Subscriber Plant Factor is 0.25.

Manti is an average schedule company for settlement purposes. If Manti were on cost for settlement purposes, the 1999 interstate ratio of Unweighted Dial Equipment Minutes prior to the sale is 9.87% and after the acquisition is projected to be 14.62%. The 1999 Subscriber Plant Factor is 0.25.

10. Pro-forma revenue requirement calculations (interstate, intrastate and total), pre-sale and post-sale, for both the buying and selling LECs.

Response:

Qwest's accounting system does not track financial results on an exchange basis. These amounts are based on a current estimate of the book value of the assets and Qwest cost estimates. Certain cost estimates are the result of allocations among the exchanges. Assets do not include additional investments, retirements, depreciation or adjustments that will be made in the period interim to the sale closing. These estimates do not represent complete costs that will be appropriately determined by the buyer. Qwest's

estimated 1999 Interstate Revenue Requirement for the exchange being sold to Manti is calculated as follows:

<b>Total State Revenue Requirement Analysis is "pre-Sale"</b>	Intrastate	Interstate	Combined
*Estimates based on 1999 Results			
Average Net Investment (Rate Base)	728,241,000	309,006,000	1,037,247,000
Return on Investment	71,076,322	34,763,175	105,839,497
Operating Expense	348,511,000	129,290,000	477,801,000
Total Taxes	18,936,712	10,859,633	29,796,344
Total Revenue Requirement	438,524,033	174,912,808	613,436,841

**Revenue Requirement Analysis of Rural Exchanges to be Sold**

Based on 1999 Results

Average Net Investment (Rate Base)	1,924,174	837,750	2,761,924
Return on Investment	187,799	94,247	282,046
Operating Expense	733,669	296,385	1,030,054
Total Taxes	46,971	27,211	74,182
Total Revenue Requirement	968,439	417,843	1,386,282

**Total State Revenue Requirement Analysis "Post Sale"**

Estimated 1999 "Post Sale" Results

Average Net Investment (Rate Base)	726,316,826	308,168,250	1,034,485,076
Return on Investment	70,888,522	34,668,928	105,557,450
Operating Expense	347,777,331	128,993,615	476,770,946
Total Taxes	18,889,741	10,832,422	29,722,163
Total Revenue Requirements	437,555,594	174,494,965	612,050,558

\*Utah currently does not have rate of return regulation and the resulting revenue requirement calculation on Intrastate operations. Intrastate estimates provided are based on 1999 results and the last applicable Intrastate ROR of 9.76%.

**Manti – Utah**  
**FCC Filing**  
**Revenue Requirement Summary**

<u>Description</u>	<u>Intrastate</u>	<u>Interstate</u>	<u>Combined</u>
<b><u>2000 Pre-Sale:</u></b>			
Average Net Investment (Rate Base)	1,195,131	732,499	1,927,630
Return on Investment	134,452	82,406	216,858
Operating Expense	507,726	311,187	818,913
Total Taxes	86,860	53,236	140,096
Total Revenue Requirement	729,038	446,829	1,175,867

**Estimated Post Sale:**

Average Net Investment (Rate Base)	3,119,305	1,570,249	4,689,554
Return on Investment	322,251	176,653	498,904
Operating Expense	1,241,395	607,572	1,848,967
Total Taxes	133,831	80,447	214,278
Total Revenue Requirement	1,697,477	864,672	2,562,149

11. The number of access lines: (i) presently provided in the seller's study area; (ii) presently provided by the purchaser in each study area in that state; and (iii) that will be transferred.

**Response:**

Qwest has approximately 1,128,000 access lines in the state of Utah. Manti has approximately 1,605 access lines in the state of Utah. Approximately 1,887 access lines are being transferred to Manti as a result of the proposed transaction.

12. A map on which each of the following areas has been clearly outlined: (i) the service areas of the exchanges being transferred; (ii) the pre-transfer study area boundaries of the seller; and (iii) the study area boundaries of all study areas that the purchaser (and/or its affiliates) own in the state in which the exchanges are to be transferred are located.

**Response:**

See Appendix F-2.



## APPENDIX F-1

### SUMMARY OF ACCOUNTING ENTRIES (000)

#### QWEST (SELLER'S BOOKS):

Debit Cash (Account 1120)	5,000
Debit Accumulated Depreciation (Account 3100)	3,410
Credit Plant in Service (Account 2001)	6,577
Credit Gain (Account 7350)	1,833

These amounts are based on a current estimate of the book value of the assets. The entries are the cost of assets being sold at a point in time prior to the sale closing. As such they do not include additional investments, retirements, depreciation or adjustments which will be made in the period interim to the sale closing. Cash entries are based on the Agreement For Purchase And Sale of the Ephraim Exchange dated October 25, 1999. These do not represent final cash or asset distributions within the buying group. Until final closing these entries are preliminary and based on Qwest estimates only.

#### MANTI (BUYER'S BOOKS):

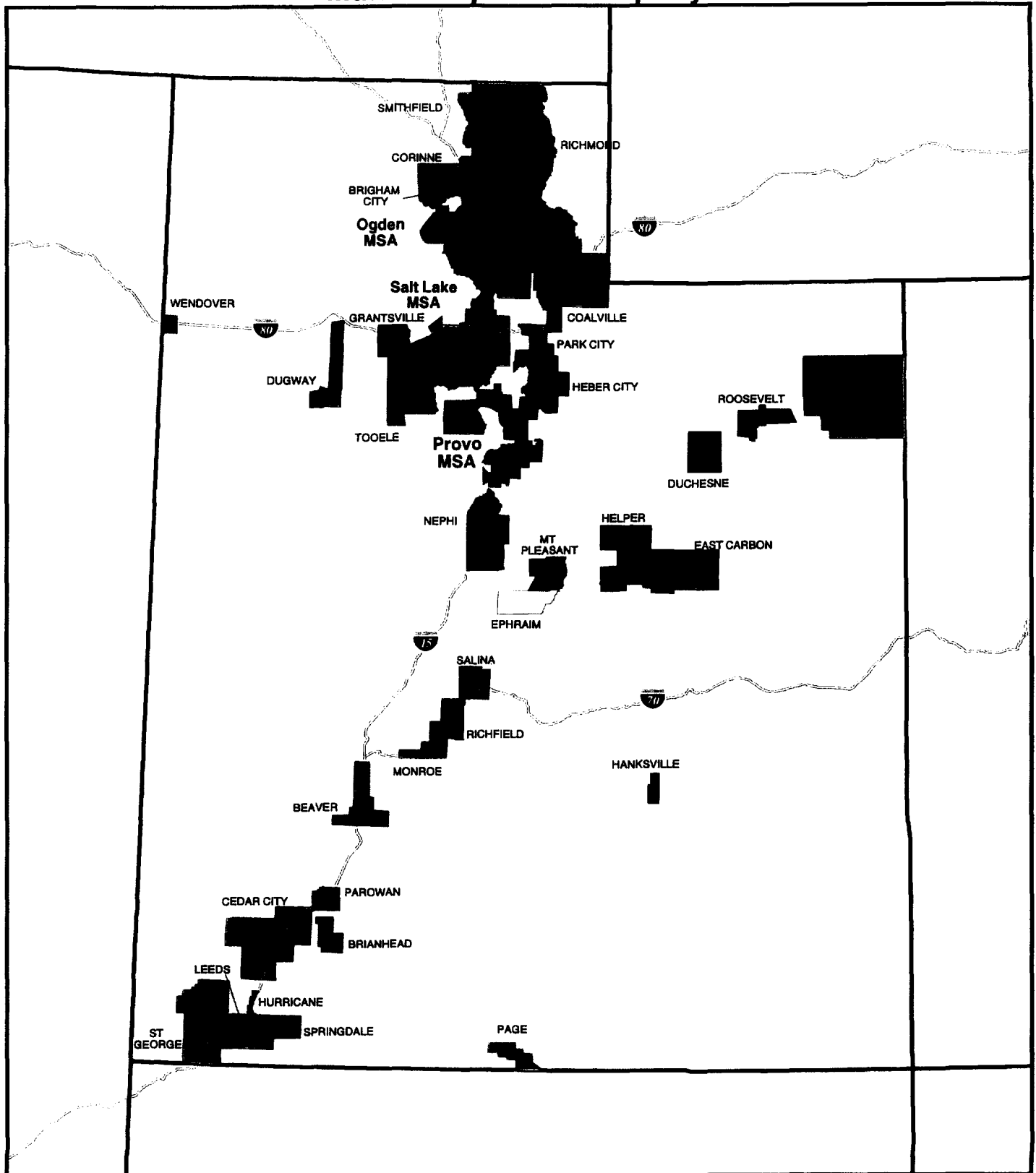
Debit Plant in Service (Account 2001)	6,577
Debit Telecommunications Plant Adjustment (Account 2005)	1,833
Credit Cash (Account 1120)	5,000
Credit Depreciation Reserve (Appropriate Plant Accounts)	3,410

The amounts above are based on the most current estimate of the sales price and net book value of the investment. The purchase agreement provides for numerous purchase price adjustments. The price at closing, therefore, may be higher or lower than our estimates listed above. The above entries deal only with the current cost of assets being sold and do not include additional investments which will be made by Manti or Qwest prior to the sale.

## **APPENDIX F-2**

### **MAP (MANTI)**

# Manti Telephone Company






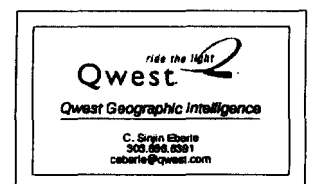
**QWEST Wire Centers -  
Proposed Sale to  
Manti Telephone Company**



20 0 20 40 Miles

## Legend

-  QWEST Proposed Transaction
-  QWEST
-  Highway



## ATTACHMENT G

### **RESPONSE OF QWEST CORPORATION ("QWEST") AND SKYLINE TELECOM ("SKYLINE") TO THE COMMON CARRIER BUREAU'S LIST OF INFORMATION TO ACCOMPANY STUDY AREA WAIVER REQUESTS**

1. A copy of the order, or other certified document, that states that the state telecommunications regulatory authority does not object to the requested study area waiver.

Response:

See Attachment I.

2. A copy of any order adopted by, or plan imposed by a state commission that obligates the selling and/or purchasing local exchange carrier ("LEC") to upgrade or extend existing service.

Response:

There is no applicable state commission order or plan that creates an obligation on Qwest to upgrade or extend existing service. Skyline has expressed an intent to upgrade service in the Utah exchange it is purchasing from Qwest. See Attachment I.

3. A statement by the purchaser of all planned upgrades to the facilities being acquired with estimates of the costs of those upgrades. That statement should include detailed descriptions of all planned upgrades and extensions of service, the costs of the planned upgrades and extensions of service, proposed timetables for any upgrades, proposed timetables for extension of service, and construction and investment plans.

Response:

Skyline plans upgrades at a cost of \$300,000 in year one, and \$1,700,000 in year two to install a fiber line to Dugway from Skyline's service territory. Both central office switches in Dugway and Wendover will be replaced with modern digital technology. Exchange outside plant facilities will be upgraded to provision DSL.

4. The numerical effects of the proposed transaction on the Universal Service Fund ("USF"). To isolate those effects, estimates should be provided of the seller's

and purchaser's USF draw (i.e., receipts from the USF administrator) as if the transferred exchanges (and, in the case of the seller, the remaining exchanges) were set up as a separate study area before and after the planned upgrades. Complete copies of all studies performed in estimating these effects should be included. The studies should be accompanied by an explanation of the extent to which the studies include, and exclude, the effects of any state-orders, or buyer-planned upgrades and/or extensions of service.

Response:

Qwest currently receives no USF in the Utah study area and after the sale of the proposed exchange will receive no USF.

Under current FCC rules, Skyline will not receive any additional USF support for the exchange it's acquiring from Qwest.

5. If the proposed transaction will increase USF draw of either the seller or the purchaser, the extent to which local ratepayers will assume the costs of planned upgrades and the extent to which local ratepayers will assume the costs of planned extensions of service.

Response:

The proposed transaction will not increase the USF draw under current rules.

6. All accounting entries, using actual dollar amounts, if known, and estimated dollar amounts if not known, that the seller and purchaser intend to use to record the transaction for accounting purposes.

Response:

Please refer to Appendix G-1 for an illustration of the accounting entries both Qwest and Skyline plan to use for the contemplated transaction.

7. The buyer's plan for disposition of amounts recorded in Account 32.2005, Telecommunications Plant Adjustment, related to the purchase.

Response:

Skyline does not intend to request permission to record amortization of amounts in Account 32.2005, Telecommunications Plant Adjustment to Account 6565, Amortization Expense - Other.

8. A schedule, prepared by the seller, of the plant being sold that includes: the gross book value, accumulated depreciation, and dates of installation of the plant that is subject to the transaction.

Response:

No longer required.

9. The interstate separations factors applicable to the seller's remaining plant, and the interstate separation factors that will be applicable to the transferred plant when acquired by the purchaser.

Response:

For Qwest, the 1998 interstate ratio of Dial Equipment Minutes for Utah prior to the sale is 15.38%; for the exchanges being sold to Skyline is 27.05%, and for the remaining Utah exchanges is 15.37%. The 1999 Subscriber Plant Factor is 0.25.

Skyline is an average schedule company for settlement purposes. If Skyline were on cost for settlement purposes, the 1999 interstate ratio of Unweighted Dial Equipment Minutes prior to the sale is 17.37% and after the acquisition is projected to be 24.67%. The 1999 Subscriber Plant Factor is 0.25.

10. Pro-forma revenue requirement calculations (interstate, intrastate and total), pre-sale and post-sale, for both the buying and selling LECs.

Response:

Qwest's accounting system does not track financial results on an exchange basis. These amounts are based on a current estimate of the book value of the assets and Qwest cost estimates. Certain cost estimates are the result of allocations among the exchanges. Assets do not include additional investments, retirements, depreciation or adjustments that will be made in the period interim to the sale closing. These estimates do not represent complete costs that will be appropriately determined by the buyer. Qwest's

estimated 1999 Interstate Revenue Requirement for the exchanges being sold to Skyline is calculated as follows:

<b>Total State Revenue Requirement Analysis is "pre-Sale"</b>	Intrastate	Interstate	Combined
*Estimates based on 1999 Results			
Average Net Investment (Rate Base)	728,241,000	309,006,000	1,037,247,000
Return on Investment	71,076,322	34,763,175	105,839,497
Operating Expense	348,511,000	129,290,000	477,801,000
Total Taxes	18,936,712	10,859,633	29,796,344
Total Revenue Requirement	438,524,033	174,912,808	613,436,841

**Revenue Requirement Analysis of Rural Exchanges to be Sold**  
Based on 1999 Results

Average Net Investment (Rate Base)	2,006,517	828,808	2,835,325
Return on Investment	195,836	93,241	289,077
Operating Expense	879,969	362,454	1,242,423
Total Taxes	44,793	24,811	69,604
Total Revenue Requirement	1,120,598	480,506	1,601,103

**Total State Revenue Requirement Analysis "Post Sale"**  
Estimated 1999 "Post Sale" Results

Average Net Investment (Rate Base)	726,234,483	308,177,192	1,034,411,675
Return on Investment	70,880,486	34,669,934	105,550,420
Operating Expense	347,631,031	128,927,546	476,558,577
Total Taxes	18,891,919	10,834,822	29,726,741
Total Revenue Requirements	437,403,436	174,432,302	611,835,738

\*Utah currently does not have rate of return regulation and the resulting revenue requirement calculation on Intrastate operations. Intrastate estimates provided are based on 1999 results and the last applicable Intrastate ROR of 9.76%.

**Skyline – Utah**  
**FCC Filing**  
**Revenue Requirement Summary**

<u>Description</u>	<u>Intrastate</u>	<u>Interstate</u>	<u>Combined</u>
<b><u>2000 Pre-Sale:</u></b>			
Average Net Investment (Rate Base)	1,660,455	765,573	2,426,028
Return on Investment	186,801	86,127	272,928
Operating Expense	502,762	231,805	734,567
Total Taxes	127,865	58,954	186,819
Total Revenue Requirement	817,428	376,886	1,194,314

**Estimated Post Sale:**

Average Net Investment (Rate Base)	3,666,972	1,594,381	5,261,343
Return on Investment	382,637	179,368	562,005
Operating Expense	1,382,731	594,259	1,976,990
Total Taxes	172,658	83,765	256,423
Total Revenue Requirement	1,938,026	857,392	2,795,418

11. The number of access lines: (i) presently provided in the seller's study area; (ii) presently provided by the purchaser in each study area in that state; and (iii) that will be transferred.

**Response:**

Qwest has approximately 1,128,000 access lines in the state of Utah. Skyline has approximately 1,609 access lines in the state of Utah. Approximately 1,407 access lines are being transferred to Skyline as a result of the proposed transaction.

12. A map on which each of the following areas has been clearly outlined: (i) the service areas of the exchanges being transferred; (ii) the pre-transfer study area boundaries of the seller; and (iii) the study area boundaries of all study areas that the purchaser (and/or its affiliates) own in the state in which the exchanges are to be transferred are located.

**Response:**

See Appendix G-2.



## APPENDIX G-1

### SUMMARY OF ACCOUNTING ENTRIES (000)

#### QWEST (SELLER'S BOOKS):

Debit Cash (Account 1120)	3,310
Debit Accumulated Depreciation (Account 3100)	3,874
Credit Plant in Service (Account 2001)	6,750
Credit Gain (Account 7350)	433

These amounts are based on a current estimate of the book value of the assets. The entries are the cost of assets being sold at a point in time prior to the sale closing. As such they do not include additional investments, retirements, depreciation or adjustments which will be made in the period interim to the sale closing. Cash entries are based on the Agreement For Purchase And Sale of the Dugway and Wendover Exchanges dated October 25, 1999. These do not represent final cash or asset distributions within the buying group. Until final closing these entries are preliminary and based on Qwest estimates only.

#### SKYLINE (BUYER'S BOOKS):

Debit Plant in Service (Account 2001)	6,750
Debit Telecommunications Plant Adjustment (Account 2005)	433
Credit Cash (Account 1120)	3,310
Credit Depreciation Reserve (Appropriate Plant Accounts)	3,874

The amounts above are based on the most current estimate of the sales price and net book value of the investment. The purchase agreement provides for numerous purchase price adjustments. The price at closing, therefore, may be higher or lower than our estimates listed above. The above entries deal only with the current cost of assets being sold and do not include additional investments which will be made by Skyline or Qwest prior to the sale.